



June 21, 2005

1600 20th Street, N.W.
Washington, D.C. 20009

POTENTIAL LEVIN-BOND AMENDMENT WASTES OIL, NEEDLESSLY COMPLICATES CAFE

Dear Senator:

I am writing to urge you vote against an amendment that we expect Senators Carl Levin and Christopher Bond will offer this week on the Senate floor.

The amendment would likely provide an extension of the failed “dual-fuel” credit program, which even now is undoing virtually all of the gains for domestically manufactured vehicles from the Administration’s increase of 1.5 mpg through 2008. The amendment also threatens to stifle much-needed improvements in Corporate Average Fuel Economy (CAFE), undermining the government’s current mandate to carefully balance economic considerations with reductions in our dependence on foreign oil.

The amendment should be resoundingly rejected.

Levin-Bond will increase oil consumption by extending the failed and wasteful dual fuel loophole.

The Levin-Bond amendment will attempt to mirror or perhaps exceed the House’s shameful effort to extend the “dual-fuel” provision of the American Motor Fuels Act (AMFA). This failed program is little more than a legal loophole that allows automakers to flout federal fuel economy standards.

The dual-fuel program allots credits to automakers towards CAFE standards in exchange for production of vehicles capable of operating on an alternative fuel, such as ethanol. Congress intended this program to spur the development of infrastructure for alternative fuel. Yet more than a decade later, no such infrastructure exists or is expected to be built, and the price of alternative fuels continues to hover above gasoline.

In fact, fewer than one percent of dual fuel-capable vehicles ever operate on an alternative fuel, which led the National Academies of Sciences to conclude the program should be terminated. Nonetheless, the Bush Administration administratively extended the program through 2008, without any evidence that the program would save a drop of oil. Public Citizen has challenged this baseless decision in pending litigation. Under the Administration’s extension, automakers have exploited this loophole to produce more gas guzzlers, rather than raising actual vehicle fuel economy to meet the required increase through 2008 of 1.5 mpg.

The anticipated Levin-Bond amendment would inflict even more harm than the Administration's ill-conceived action by extending the program through 2014 or beyond. Prolonging the dual fuel program would eviscerate any meaningful improvement in CAFE standards.

Credits awarded this year alone will waste 2.5 billion gallons over the lifetime of model year 2004 vehicles, or 11 days worth of U.S. oil imports from all OPEC countries. If the dual-fuel program is legislatively extended, the tragic result would be greater reliance on foreign oil, higher costs for consumers, continuing emission of greenhouse gases and more pollution.

Levin-Bond would hamper development of meaningful fuel economy standards.

As in the past, Senators Levin and Bond may attempt to burden the statute with multiple new decision criteria that are redundant to the current requirements under CAFE. This would upset the careful balance established by Congress in the present statute.

NHTSA already considers, in detail, the following when setting a standard:

- technical feasibility;
- economic practicability;
- the effect of other motor vehicle standards of the government on fuel economy; and
- the need of the U.S. to conserve energy.

As part of these considerations, the agency also performs in-depth evaluations of the impact of a standard on safety, the environment and American jobs. By complicating the agency's task with a lengthy list of unnecessary and deliberately vague new statutory restrictions, the Levin-Bond amendment would be a long stride backwards.

I urge you to oppose the Levin-Bond Amendment and to support thoughtfully crafted measures, such as those sponsored by Sens. Durbin, Feinstein, and Snowe that would significantly enhance safety, increase fuel economy, protect the environment and reduce our dependence on foreign oil.

Sincerely,



Joan Claybrook
President, Public Citizen